



# THE PACIFIC FOREST TRUST

*Our Private Forests are Our Public Treasures.*

## **Recommendations for the 2007 Farm Bill Submitted by the Pacific Forest Trust November 17, 2006**

The Pacific Forest Trust (PFT) appreciates the opportunity to submit comments for a “California Perspective” on the 2007 Farm Bill. PFT supports the California Department of Food and Agriculture’s efforts to include feedback from California constituents in its recommendations. The State has a tremendous opportunity in the Farm Bill to emphasize the public benefits of private forests and shape its programs to ensure that forests receive the attention and funding necessary to sustain these benefits for the long-term.

PFT is a California-based, non-profit organization dedicated to sustaining America’s working forests. As a collaborative, problem-solving organization, PFT works with landowners, forest managers, public agencies, local communities, and others to sustain private forestlands for their wealth of public benefits. Since its inception, PFT has led the development of forest policies and conservation projects to protect the multiple public benefits of private forests, including water quality, wildlife habitat, climate stabilization, and wood products. PFT has also helped conserve over 50,000 acres of private forestland, including approximately 30,000 acres in California, which PFT actively manages for conservation values.

According to the USDA’s most recent Natural Resource Inventory, private forestland covers 406 million acres in the U.S., providing more habitat, water quality, climate and economic benefits to the public than any other land type. Yet, over one and a half million acres of private forestland in the United States are converted to non-forest uses each year. In California alone, over 40,000 acres – an area larger than San Francisco – are being developed each year. The loss of our private forests means the loss of local timber economies, water quality, climate benefits, habitat and recreational opportunities, among other public benefits.

The root causes of forest loss, while complex, include rising real estate prices, increasing costs of management, global competition in wood products production, population pressure and the increasing age of landowners. Thus, to stem the loss of private forests in California and the United States, federal policies should foster and provide financial value for forest conservation. The Pacific Forest Trust, therefore, respectfully recommends that California pursue the following policy initiatives for the 2007 Farm Bill:



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- Create a greater overall emphasis on the value of increased forest conservation and stewardship by expanding funding opportunities for forests in the Conservation Title programs
- Design financial incentives in Farm Bill programs to promote and provide the greatest reward for conservation that is permanent (i.e., permanent conservation easements)
- Provide states the option to authorize qualified non-profit organizations to hold easements secured with Forest Legacy funds.
- Develop the institutions, accounting systems and transparent structures needed to support an ecosystem services market that includes forest ecosystem and climate services.

## **1) Provide greater emphasis on the conservation and stewardship of forests in the Conservation Title of the Farm Bill**

There is a vital need to increase attention to forestlands in the 2007 Farm Bill by increasing the funding available to forest landowners for conservation and stewardship. For instance, about half of U.S. domestic wood production comes from private non-industrial forests, and yet a majority of private forest owners do not receive federal incentives to keep their land as forest and manage it well.

- *The Farm Bill's Environmental Quality Incentive Program should be adjusted to provide an equal emphasis on forestland stewardship and conservation.*

While EQIP acknowledges the eligibility of forestland for funding, less than 5% of the Environmental Quality Incentive Program (EQIP) funds were dedicated to private forestland conservation in 2005. This is a small fraction of what has been, at over \$1 billion, the Farm Bill's most well-funded conservation program available to working lands. The Government Accountability Office (GAO) agrees that EQIP should be adjusted to effectively fulfill its mission of maximizing environmental benefits by developing a standardized approach to project selection and funding that relies on the most current data available. In addition, the program needs to change its historic bias toward dry-land agriculture and livestock ranching. To maximize environmental benefits of the EQIP program, NRCS should adopt a policy that balances funds equally



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between the agricultural and forest sectors, with the goal of dedicating half of the available EQIP funds to qualified forest conservation and stewardship projects.

- *Expand the Conservation Security Program to include working forestlands more fully and increase funding for this program by \$4 billion.*

The Conservation Security Program (CSP) is the only federal program that provides financial and technical assistance specifically for the improvement and conservation of working private lands. Unfortunately, the CSP cannot reach the full scope of its conservation potential because program eligibility is limited and funding falls short by an estimated \$4 billion.

Working forestlands have the ability to balance natural resource protection with a robust and healthy economy by providing jobs, timber products and ecosystem services to the public. However, under the current version of CSP, forestland is only eligible for protection and enhancement if it is incidental to agricultural production. Working forests can and should be a central focus of conservation efforts on a landscape-level, with active participation from diverse partners and constituencies. The 2007 Farm Bill should extend the CSP program eligibility to all working forestlands and authorize a minimum of \$4 billion to the program.

- *Expand the Wetlands Reserve and Farm and Ranchland Protection Programs to allow for greater participation from forest landowners*

While the Wetlands Reserve Program (WRP) acreage cap was increased in 2002 to 2,275,000 acres, demand from forestland owners to participate in this program still exceeds the cap. The 2007 Farm Bill could greatly enhance the success of the WRP and its impact on forestlands by increasing the cap acreage. Likewise, the Farm and Ranchland Protection Program could be more effective in engaging forest landowners and protecting working forestlands. While there have been recent changes to the program to allow for greater participation from farmers and ranchers who own significant forest acreage, this change should be embodied in law to allow for greater participation by forest landowners.



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## **2) Design financial incentives in Farm Bill Conservation Title programs to promote and provide the greatest financial reward for conservation that is permanent**

Increasing forestland conversion and rising real estate values, as mentioned earlier in this document, emphasize the significant need to implement policies that encourage the permanent conservation of forestland. Permanent conservation easements, including working forest easements, provide the greatest public benefit at the most efficient cost. Their use and popularity has grown significantly, with the total acreage under easement increasing by 266% between 1998 and 2003 (1,385,000 acres to 5,067,929 acres) according to the Land Trust Alliance. The Farm Bill conservation programs can and should promote and expand the use of perpetual conservation easements as a key tool to achieve conservation goals and provide landowners who make this long-term conservation commitment with the greatest financial incentive. This shift would reward landowners for their commitment, while ensuring perpetual conservation benefits to the public at the most efficient cost.

- *The Farm Bill's Healthy Forest Reserve Program should be modified to include permanent conservation easements that provide the greatest financial benefit and incentive to those landowners who make this permanent commitment. Shorter term "easements" should be called contracts to avoid undercutting the value and meaning of permanent conservation easements.*
- *The Conservation Title of the Farm Bill should include an overarching policy to provide funding priority to permanent conservation easements in all applicable Farm Bill conservation programs (e.g., Wetlands Reserve Program, Grasslands Reserve Program etc. )*

## **3) Enhance effectiveness of the Forest Legacy Program**

- *The efficiency and appeal of the Forest Legacy Program can be greatly improved by giving states the option to have qualified non-profits hold easements that are funded through the Forest Legacy Program.*

Qualified non-profits such as land trusts provide valuable expertise to states and landowners in bringing different constituents to the table, negotiating and monitoring



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easements, and managing complicated conservation projects. In California, over a million acres have been conserved, held and managed by qualified land trusts. Amending the authorizing legislation of the Forest Legacy Program to extend partnership opportunities to non-profits would make the program more flexible and more effective at leveraging federal dollars for successful conservation on the ground. It would also bring the Forest Legacy Program parity with its agricultural counterpart, the Farm and Rangeland Protection Program.

## **4) Support payments and markets for forest-based ecosystem services**

- *Payment for forest ecosystem services is an innovative means of rewarding forest conservation and stewardship by creating a financial value for the public benefits that such actions provide.*

Private forests provide a host of ecosystem services that benefit the public. These include the enhancement and protection of water quality, climate stabilization, biodiversity, and wildlife habitat. Forests are essential in removing carbon dioxide from the atmosphere, and they become a major source of emissions when they are lost. A government-supported, market-based system for valuing forest ecosystem services would provide landowners with a much-needed financial incentive to manage and conserve their forests.

The 2007 Farm Bill provides an opportunity for the federal government to encourage “green payments” for forest ecosystem services, such as climate-change mitigation. Programs like CSP, which specifically target environmental services on working lands, may be modified to include payments to lands conserved through working forest conservation easements. Such a program should ensure that payments are made based on climate benefits that are permanent, exceed business as usual practice and benefit local ecosystems.

- *The federal government can foster markets for ecosystem services that direct revenue to forest conservation and enhancement projects by*
  - 1) establishing the accounting systems and financial institutions needed to ensure transparency and confidence in an ecosystem services market, and*
  - 2) integrating federal policy with existing public or private infrastructure such as carbon registries and emissions trading schemes*



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Federal policies can help the forest sector to play a significant role in addressing climate change by creating the financial incentive and market structure to both prevent forest-based emissions from conversion and remove CO<sub>2</sub> from the atmosphere through forest restoration and stewardship.<sup>1</sup> PFT recommends that the 2007 Farm Bill:

- 1) Establish financial institutions with transparency, high standards and legitimate accounting systems that promote investor and public confidence in the emerging market for ecosystem services. Institutions comparable to the SEC and FDIC are needed to assure the validity of the commodities and the transactions.
- 2) Adopt well-established and proven forest carbon accounting methods such as those that have already been incorporated into the Forest Protocols of the California Climate Action Registry. These protocols offer a high quality accounting system for ensuring the legitimacy and permanence of forest carbon emissions reductions, and are currently in use by forest landowners and managers. Incorporating proven programs and time-tested methods will simplify the development process and legitimize new markets for ecosystem services. Under a market system, like the one to be developed in California, forest landowners could register emissions reductions and also be compensated for the public benefits of good forest stewardship.

Again, PFT appreciates the time and effort invested by the California Department of Food and Agriculture to consider our recommendations for the upcoming Farm Bill. We share the goal to protect our private forestlands and all the public benefits they provide for future generations and offer our assistance as the legislative process continues.

**Please feel free to contact:**

**Michelle Passero, [MPassero@PacificForest.org](mailto:MPassero@PacificForest.org)  
Emily Russell-Roy, [ERussellRoy@PacificForest.org](mailto:ERussellRoy@PacificForest.org)**

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<sup>1</sup> Forests are a source of carbon dioxide (CO<sub>2</sub>) emissions as well as a carbon reservoir. Globally, forests contribute roughly 25% of overall CO<sub>2</sub> emissions, largely due to forestland conversion.